

## Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-20 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-06 LAB-01

SIL-01 AGR-05 SWF-01 FEA-01 SCI-02 L-01 H-01 /079 R

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BIC - MR. HOSTLER

BIC - MR. SONNE (INFO)

(COMMERCE)

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: BTRA, IN

SUBJECT: CHATTOPADHYAYA CALL ON SECRETARY DENT

1. MINISTER OF COMMERCE CHATTOPADHYAYA WAS RECEIVED BY SECRETARY DENT OCTOBER 11. SUBSTANCE OF EXCHANGES ON VARIOUS TOPICS OUTLINED IN FOLLOWING PARAGRAPHS.

2. BILATERAL TRADE - CHATTOPADHYAYA SAID HE HAD MET IN NEW YORK WITH INDIA'S TRADE REPRESENTATIVES IN NORTH AMERICA. HE ALSO MET WITH VARIOUS IMPORTERS OF INDIAN GOODS. HE IS OPTIMISTIC ABOUT POTENTIAL FOR GROWTH IN TRADE BETWEEN U.S. AND INDIA.

3. JUTE - PROSPECTS FOR INCREASED EXPORTS GOOD IN U.S. MARKET, SAID CHATTOPADHYAYA. TO ACHIEVE THIS EXPANSION, IT WAS CLEAR FURTHER RESEARCH ON NEW APPLICATIONS FOR JUTE

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WAS NECESSARY. HE HOPED NO RESTRICTIONS WOULD BE PLACED

ON USE OF JUTE AS PACKAGING MATERIAL.

4. COTTON - CHATTOPADHYAYA ADVISED SECRETARY INDIA WOULD NEED IMPORT 400,000 BALES OF COTTON THIS YEAR, AND HOPED U.S. COULD PROVIDE HALF OF THIS. SECRETARY REPLIED U.S. COTTON CROP WOULD NOT MEET EARLIER EXPECTATIONS, BUT INDIA'S CHANCES GETTING SOME FROM U.S. WERE GOOD. THE PRESIDENT HAD RECOMMENDED ALL RESTRICTIONS BE REMOVED ON PRODUCTION OF COTTON, PEANUTS AND RICE. 1975 WOULD SEE THE GREATEST FREEING UP OF U.S. AGRICULTURE SINCE THE 1920'S. GIVEN GOOD WEATHER AND ADEQUATE AVAILABILITY OF FERTILIZER, THIS DEVELOPMENT WOULD BE BOON TO WHOLE WORLD. SECRETARY REFERRED MINISTER TO DEPARTMENT OF AGRICULTURE FOR FURTHER DETAILS.

5. TEXTILE MACHINERY - CHATTOPADHYAYA SAID INDIA NEEDED TEXTILE MACHINERY FROM U.S. THE REQUIREMENT WAS FOR FINISHING MACHINERY, NOT SPINNING OR WEAVING MACHINERY. HELP WOULD BE NEEDED IN FINANCING SUCH PURCHASES. SECRETARY REPLIED U.S. INDUSTRY CHARACTERIZED BY LARGE NUMBER SMALL FIRMS AND THAT INDIA SHOULD BE ABLE TO GET WHAT IT NEEDS. HE SUGGESTED INDIANS VISIT TEXTILE SHOW IN GREENVILLE, S.C., SCHEDULED FOR OCTOBER 21, AND OFFERED TO DEVELOP LIST OF U.S. MANUFACTURERS TEXTILE MACHINERY FOR EMBASSY, IF REQUESTED.

6. FOOD PROBLEM - CHATTOPADHYAYA BRIEFLY MENTIONED INDIA'S NEED TO IMPORT FOOD THIS YEAR. HE SAID APPROXIMATELY 3-4 MILLION TONS FOODGRAIN WOULD BE REQUIRED AND WHILE HE REALIZED COMMERCE NOT APPROPRIATE AGENCY FOR DISCUSSIONS ON INDIA'S FOOD PROBLEMS, HE WANTED SECRETARY TO BE AWARE OF SITUATION.

7. ENERGY - IN RESPONSE TO QUESTION FROM SECRETARY, CHATTOPADHYAYA STATED INDIA WOULD CONSUME 17 MILLION TONS PETROLEUM THIS YEAR, OF WHICH TEN MILLION WOULD HAVE TO BE IMPORTED, MAINLY FROM IRAN AND IRAQ. INDIA WAS LOOKING FOR NEW DOMESTIC SOURCES OF OIL, ESPECIALLY IN BOMBAY HIGH AREA. CONSUMPTION WAS BEING RESTRICTED BY RAISING PRICE. HE SAID INDIA HAD ABUNDANT COAL SUP-LIMITED OFFICIAL USE

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PLIES, AND COAL MET 60 PERCENT OF INDIA'S ENERGY NEEDS IN ORGANIZED SECTOR. SECRETARY DESCRIBED INCREASED OIL PRICES AS MAJOR FACTOR CONTRIBUTING TO WORLD ECONOMIC WOES. INCREASES HAVE REDUCED TOTAL DEMAND FOR GOODS, STIMULATED INFLATION, AND CREATED UNCERTAINTY IN FINANCIAL MARKETS.

8. INFLATION - CHATTOPADHYAYA SAID PRICES IN INDIA IN-

CREASING AT ANNUAL RATE OF 28 PERCENT, ASKED WHAT MEASURES U.S. TAKING TO COMBAT INFLATION HERE. SECRETARY OUTLINED FISCAL AND MONETARY MEASURES TAKEN TO DATE AND DESCRIBED PRESIDENT'S RECENTLY ANNOUNCED ANTI-INFLATION PROGRAM.

9. JOINT COMMISSION - CHATTOPADHYAYA EXPRESSED VIEW ECONOMIC/COMMERCIAL SUB-COMMISSION COULD BE USEFUL INSTRUMENT FOR PROMOTION BILATERAL TRADE. HE FLOATED IDEA U.S. AND INDIA COULD EXCHANGE MARKET SPECIALISTS IN EFFORTS DEVELOP TRADE OPPORTUNITIES FOR THE WARES OF EACH

IN THE OTHER COUNTRY, ALONG LINES RECENTLY CONCLUDED INDO-FRG AGREEMENT. SECRETARY THOUGHT THIS MIGHT BE DISCUSSED IN A SUB-COMMISSION MEETING.

10. TRADE REFORM BILL - CHATTOPADHYAYA ASKED ABOUT PROSPECTS FOR PASSAGE ADMINISTRATION'S TRADE BILL. SECRETARY REPLIED ADMINISTRATION WOULD DO WHAT IT COULD OBTAIN ACCEPTABLE LAW BY YEAR'S END. MFN QUESTION DELAYING BILL. USG FELT BILL NECESSARY TO RECOMMIT WORLD TO PRINCIPLE OF OPEN MARKETS AND OPEN ACCESS TO SUPPLIES OF RAW MATERIALS. INGERSOLL

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